GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2065
ANSWERED ON:01.12.2000
NON-BANKING FINANCIAL COMPANIES
PAWAN KUMAR BANSAL

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that many non-banking financial companies continue to dupe small investors of their hard-earned savings;

(b) if so, whether any corrective measures have been initiated; and

(c) if so, the details thereof ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a):- Complaints have been received from depositors against some NBFCs who have failed to repay their deposits.

(b)&(c):-Reserve Bank of India (RBI),on receipt of complaints regarding default in repayment of deposits or on noticing other serious irregularities through inspections or otherwise, takes necessary action against the erring NBFCs like issue of Prohibitory Orders, restraining company from accepting deposits, alienating its assets, filing of winding up petitions and launching of criminal complaints. RBI has also appointed Special Officers to monitor the repayment of deposits in certain problematic companies.

Chapter IIIB of RBI Act was amended in January, 1997providing new safeguards for depositors` protection and vesting enhanced powers with RBI for effective regulation and supervision of NBFCs. Government is also proposing to introduce a new Bill in the Current Session of Parliament which is expected to provide better protection to the depositors of financial companies.